

**GOVERNMENT OF INDIA
HOME AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:928
ANSWERED ON:06.03.2007
NEW LAW OF FCRA
Rai Shri Nakul Das

Will the Minister of HOME AFFAIRS be pleased to state:

- (a) whether the existing law on Foreign Contribution Regulation Act (FCRA) has been substituted by a new law;
- (b) if so, the salient features thereof;
- (c) whether the law provides any investment guidelines for NGOs similar to the guidelines contained in Section 11(5) of the Income Tax Act, 1961;
- (d) if so, the detail thereof;
- (e) if not, the reasons therefor;
- (f) whether NGOs registered with FCRA need to obtain permission from the Ministry of Home Affairs if it merges or amalgamates with another NGO not registered under FCRA; and
- (g) if so, the detail thereof ?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF HOME AFFAIRS (SHRI SRIPRAKASH JAISWAL)

(a) to (g): Statement is laid on the Table of the House.

STATEMENT IN REPLY TO LOK SABHA UNSTARRED QUESTION NO. 928 FOR ANSWER ON 6TH MARCH, 2007 BY SHRI NAKUL DAS RAI REGARDING NEW LAW OF FCRA.

(a) & (b): Foreign Contribution Regulation Bill, 2006 has been introduced in Rajya Sabha on 18.12.2006. The bill has referred by the Rajya Sabha to the Standing Committee for examination. Salient features of the Bill are as follows:

- (i) Consolidate the law to regulate, acceptance and utilization of foreign contribution or foreign hospitality and prohibit use of the same for any activities detrimental to the national interest;
- (ii) prohibit organizations of political nature, not being political parties from receiving foreign contribution;
- (iii) bring associations engaged in production or broadcast of audio news or audio visual news or current affairs through any electronic mode under the purview of the Bill;
- (iv) prohibit the use of foreign contribution for any speculative business.
- (v) cap administrative expenses at fifty per cent of the receipt of foreign contribution ;
- (vi) exclude foreign funds received from relatives living abroad ;
- (vii) make provision for intimating grounds for refusal of registration or prior permission under the Bill ;
- (viii) provide arrangement for sharing of information on receipt of foreign remittances by the concerned agencies to strengthen monitoring.
- (ix) make registration valid for five years with a provision for renewal for a further period of five years at a time ;
- (x) provide for suspension and for cancellation of registration after due enquiry and giving reasonable opportunity of being heard.
- (xi) make provision for compounding of certain offences.

(c) to (e) : The present Law does not provide any investment guidelines for NGOs. However in the draft Bill, it is proposed to prohibit

use of foreign contribution for any speculative business.

(f)&(g) : Under the present Law, any association which is not registered under FCRA can seek prior permission from Ministry of Home Affairs for receiving foreign contribution.